

Message Text

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PAGE 01 STATE 166124

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INFO OCT-01 ADP-00 /005 R

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DRAFTED BY:EUR/CAN:DAKRUSE

APPROVED BY:EUR/CAN:EMBROWN

EUR/RPM:WROMINE

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 166124

FOL TEL SENT ACTION STATE, SECDEF FROM USMISSION NATO 17
AUG 73 REPEATED TO YOU

QTE C O N F I D E N T I A L USNATO 3875

E.O. 11652: GDS, 31-12-79

TAGS: MCAP, NATO

SUBJECT: BURDENSARING

1. FROM INFORMAL CORRIDOR DISCUSSIONS WITH OTHER ALLIED
DELEGATIONS ON U.S. BALANCE OF PAYMENTS DEFICIT ON MILITARY
ACC ACCOUNT, USNATO HAS LEARNED THAT WE CAN EXPECT CLOSE
QUETIONING FROM ALLIES WHO WILL WISH TO SATISFY THEMSELVES
AND THEIR GOVERNMENTS THAT ENTIRE \$1.5 BILLION DEFICIT IS
PROPERLY CHARGEABLE AS A COST RESULTING FROM THE STATIONING
OF OUR FORCES IN EUROPE.

2. THE PRESIDENT, IN HIS MAY 3 REPORT TO THE CONGRESS, CLEARLY
INDICATED THAT OUR POSITION WAS "UNIQUE IN THAT OUR DEPLOYMENTS
IN EUROPE ADD SIGNIFICANTLY TO OUR GENERAL BALANCE OF PAYMENTS
DEFICIT" AND THAT THE UNITED STATES SPENT ABOUT \$2.1 BILLION
IN OTHER NATO COUNTRIES TO SUPPORT OUR NATO DEPOYMENTS.
SECRETARY SCHLESINGER, ON JUNE 7 AT DPC MINISTERIAL, LIKEWISE
EMPHASIZED THAT THIS DEFICIT "IS STRICTLY RELATED TO THE COSTS
OF THE UNITED STATES CONTRIBUTION TO NATO." OUR PRESENTATION
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PAGE 02 STATE 166124

TO NATO ON MAY 29 WAS ALSO BASED ON THE IDEA THAT THE ENTIRE

\$1.5 BILLION DEFICIT AFTER DEDUCTION OF RECEIPTS WAS ON NATO ACCOUNT. AT THE JUNE 7 DPC MINISTERIAL IT WAS AGREED THAT THE ALLIES STUDY "THE POSSIBILITY OF A MULTILATERAL PROGRAMME TO COMPENSATE THE UNITED STATES FOR THE STATIONING OF THEIR FORCES IN EUROPE."

3. INFORMAL QUESTIONS HAVE ALREADY BEEN RAISED ABOUT PROPRIETY OF INCLUDING THE FOLLOWING ITEMS AS PART OF THE BOP DEFICIT RESULTING FROM THE STATIONING OF U.S. TROOPS IN EUROPE: (A) APPROXIMATELY \$39 MILLION FOR PAYMENT OF PENSIONS TO RETIRED MILITARY PERSONNEL LIVING OVERSEAS IN THE NATO AREA, CLAIMS, AND NET FOREIGN CURRENCY ADJUSTEMENTS; (B) APPROXIMATELY \$100 MILLION FOR THE PURCHASE OF HARRIER AIRCRAFT FROM THE U.K.; (C) AND AN UNSPECIFIED AMOUNT FOR EXPENDITURES ON U.S. STRATEGIC OPERATIONS IN TURKEY.

4. MISSION WOULD LIKE TO HAVE A RATIONALE FOR INCLUDING THE ABOVE ITEMS IN U.S. ESTIMATE. REQUEST GUIDANCE AS TO THE IMPORTANCE OF THESE ITEMS AND WHETHER MISSION SHOULD INSIST ON RETAINING THEM, IF THE ALLIES OBJECT, OR DROP THEM IN THE INTEREST OF MOVING AHEAD WITH THE STUDY.

5. MISSION HAD INFORMAL INDICATION FROM THE CANADIAN DELEGATION THAT CANADA FEELS IT SHOULD NOT CONTRIBUTE TO BURDENSARING SINCE IT IS ALSO A NORTH AMERICAN POWER WITH TROOPS STATIONED IN EUROPE. BUT SINCE CANADA HAS VERY FEW TROOPS IN EUROPE AND DEVOTES A LOWER PORTION OF GNP TO DEFENSE THAN ANY OTHER COUNTRY, MISSION FEELS THAT CANADA SHOULD CONSIDER ACCEPTING A LARGER SHARE OF NATO BUDGETS AND INFRASTRUCTURE PAYMENTS.

6. REQUEST WASHINGTON COMMENTS PRIOR TO STUDY GROUP MEETING ON AUGUST 21.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TROOP DEPLOYMENT, BALANCE OF PAYMENTS DEFICITS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE166124
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/CAN:DAKRUSE
Enclosure: n/a
Executive Order: GS BROWN
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730824/aaaaarky.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 07 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by elyme>; APPROVED <13-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BURDENSARING
TAGS: MCAP, XG, US, NATO
To: OTTAWA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005